

From Sison, Detention & Defiance against Dictatorship: Selected Writings, 1977 to 1986, 2013. For more materials on semifeudalism & the Ph. in general: pao-chingming.neocities.org. 2 Jan.2026

On the Mode of Production in the Philippines

Interview with Jose Ma. Sison by Julieta de Lima

First published in the *New Progressive Review*, Volume I, Nos. 1 & 2, 1984.

Soon after I was out on temporary release from detention on March 30, 1982, many friends and acquaintances in the academy asked me for the views of my husband on many questions being debated by them concerning the dominant character of the mode of production in the Philippines.

The main issue raised may be expressed in the following manner: Has the US-Marcos regime pursued a policy of industrialization and thereby changed the backward semifeudal character of the economy?

I propounded this and other related questions to my husband. We engaged in lengthy discussions during my weekly visits to him. I also provided him with the latest available economic data as well as analyses and articles from various viewpoints.

I took mental note of his answers. Everytime I got home from his prison cell, I would commit these to writing. He gave me the leeway to write freely on condition that I would be faithful to his ideas.

Due to our many years of intellectual intercourse and research partnership (since 1959), I felt confident in putting this question-and-answer article into shape. However, due to many absorbing obligations including childcare and public engagements on behalf of political prisoners, I was able to finish the final draft only last July 1983.

The typescript of the final draft became a discussion paper of several friends, most of whom are brilliant economists and political scientists. They subsequently gave comments and suggestions which my husband and I further discussed and took into account in finalizing the article in its present form.

This article is an effort to make a comprehensive and deepgoing study of the mode of production on the current ruinous economic crisis. JLS

1. Will you describe the forces of production in the Philippines? As much as you can, present the level of development of the means of production and the mass of actual producers.

The forces of production in the Philippines are still mainly agrarian and nonindustrial. They are backward or underdeveloped.

The means of production lack a backbone in capital goods industries. There are no heavy and basic industries, no machinetool industry, no basic metal and chemical industries, no engineering industries beyond the superficial handling or slight processing of components that have been basically processed abroad.

Even hand tools are imported to the extent of 85%, according to economist Alejandro Lichauco. The rest of our hand tools are fabricated locally from imported metals. Whatever modern industrial equipment the country has is imported and paid for by earnings from export of raw materials (mainly agricultural: sugar, coconut, logs, etc.) and increasingly by foreign loans.

The US imperialists and their big comprador agents have so far been quite successful in preventing the country from acquiring the kind of equipment that would industrialize it in a profound and comprehensive way. They have allowed only some light manufacturing heavily dependent on imported equipment, semimanufactures and raw materials. The situation is tragic because we have a comprehensive and abundant natural resource base for heavy and basic industries to work on.

Under the present regime, even the light manufacturing that serves the domestic market is being crushed. The so-called import-substitution industries of the 1950s and 1960s are being undermined by direct importation of finished products. An embellishment on this scheme is the promotion of the so-called export-oriented industries that are even more import-dependent and are actually involved in mere fringe processing and packaging for local market penetration, tariff circumvention and reexport.

The promise of Marcos in 1979 to put up 11 major industrial projects has not materialized. Since the beginning, it has been clear that these projects were merely tokens of industrialization. Even as such, these projects are strongly opposed by the very foreign monopoly interests whose investments Marcos wants for funding these projects. After four years, the result is one overpriced copper smelter with a capacity limited to 30% of ore production in the country. This copper smelter is

under the control and manipulation of Japanese interests which have their own copper smelters to protect in Japan.

Despite its slogan of "economic development," the fascist dictatorship has not put the economy into extensive processing of the raw materials that it has long been producing for export. The bulk of Philippine exports continues to be raw sugar, copra, coconut oil, logs, metal ores and concentrates, and so on. Primary products account for practically all actual earnings on exported goods, with agricultural exports accounting for at least 80%.

Government technocrats claim that we earn a lot from the reexport of garments, electronics and the like. This is not true. We lose a lot on these so-called manufactured exports because of the high cost of imported equipment and "raw" materials, tariff circumvention, transfer pricing, profit remittances, capital repatriation, debt service, royalties, and the infrastructure and special facilities put up for them.

Agricultural land, totalling 12 million hectares in 1980, is still the principal means of production in the country. It produces the food staples for the people and some amount of raw materials for local light manufacturing and handicrafts; as well as the overwhelming bulk of surplus products for export.

The use of modern technology (primarily imported) is negligible. It is still peasant brawn, hand tools, plow and draft animals working the land devoted to food crops (chiefly rice and corn) and to coconuts, all of which comprise 64.6% and 25.8%, respectively, of total agricultural land. Modern technology in the Philippine context means the promotion of costly imported farm inputs (chemicals, equipment and irrigation facilities) involving, during the 1970s, only a few hundreds of thousands hectares.

Reliance on sheer brawn and traditional peasant tools is still widespread even on land devoted to sugarcane, banana, pineapple and other new crops for export. It is on land devoted to these crops, comprising no more than seven percent of total agricultural land, where there is a relatively more impressive use of tractors and chemicals. Sugar land, which comprises only 3.5% of total agricultural land is still worked mainly by peasants and farm workers using handtools rather than by workers operating harvester combines and other farm machinery.

No more than four percent (480,000 hectares) of total agricultural land is worked by tractors. Harvester combines are still a rarity and

are a socially explosive proposition amidst the abundance of cheap farm labor that cannot be absorbed elsewhere. As of this year (1983), only a few landlords on a few thousands of hectares (less than 10,000) have turned to harvester combines. In this decade, the steeply rising cost of imported inputs and the falling price of agricultural exports hold back the adoption of modern technology even by landlords producing export crops.

What comprises the mass of actual producers? According to NEDA figures, there were supposed to be nine million peasants and farm workers accounting for 52% of employment; 2.5 million industrial workers, 14%; and 6 million service workers, 34% in 1979.

Let us take these figures at face value and reinterpret them. Note however, that 1979 was a far better year for nonagricultural employment than any of the succeeding years of the 1980s.

Of the direct producers of goods, peasants and farm workers comprise 78% and industrial workers 22%. There are four peasants for every industrial worker. If the category of service workers is disaggregated, the great majority would be found to be direct adjuncts and immediate spillovers of agriculture and the peasantry. Even in construction, mining and provincial "manufacturing," many nonregular workers are sidelining peasants.

Most peasants (poor and middle peasants) have the following means of supplementary livelihood: farm work for others, fishing, forestry and animal husbandry, handicrafts, construction or carpentry, hauling and petty peddling. Seasonal farm work for others though is the most common sideline occupation and is the main recourse for surplus labor in the countryside.

The proportion of industrial workers (in manufacturing, mining and quarrying, construction and utilities) is even more unimpressive. Only 74% of these are in so called manufacturing; and in turn, 70% of workers in manufacturing are employed in small fabrication and repair shops, each employing less than ten workers and therefore hardly qualifying as truly manufacturing enterprises.

Only a minority of so-called service workers (in transport, communications and storage, trading and banking and other services, including government, entertainment, etc.) possibly not more than 30% are regular wage earners. In the main, these regular wage earners are employed by the government (some one million are civilian and military employees) and by the multinational, big comprador and

middle bourgeois firms. Most so-called service workers are actually underemployed or have no regular employment or are even unemployed but are misrepresented as fully employed by NEDA statistics. Many are superfluous helpers of their own families, house servants, street peddlers, shop attendants, porters, scavengers, prostitutes and the like who do not receive regular wages.

During the 1970s, the proportion of both industrial and agricultural employment shrank. Industrial employment stood at 17.6% in 1970 and went down to 14% in 1979. Agricultural employment stood at 59% in 1970 and went down to 52% in 1979. Employment in the service sector, meanwhile, is made to appear as having risen from 23.5% in 1970 to 34% in 1979, supposedly absorbing the decrease in employment in both industry and agriculture.

Since 1980, unemployment has been increasing by leaps and bounds, especially in the industrial and service sectors. The unemployment rate is now running at more than 50%, at least 25% above the chronic rate of 25% (established from the Bell Mission Report up to the Ranis Report), especially if we take into account all out-of-school youth ten years and above and women. A worsening state of depression and unemployment afflicts the entire economy.

Some people say that the Philippine economy is already industrial rather than agrarian because, for instance, the 1979 GNP figures show that agriculture accounts for only 27.3% of gross national product and is outstripped by industry at 33.1% and services at 39.7%.

These figures are misleading. We must take into account the high imported content of the product of both industry and service sectors and the consumption orientation of such imports, and the lack of industrial development. The gross output value of the service sector is bloated; this sector is also the most import-dependent sector of the economy although it does not produce goods. The gross output value of agriculture tends to be undervalued because most of the agricultural product remains with the peasants for their subsistence and needs and does not reach the market.

For purposes of transfer-pricing, foreign TNC's and the big compradors grossly overvalue their imports and undervalue their exports and reexports.

In their attempt to sustain the illusion of industrial development, government technocrats constantly overestimate the entire GNP, overvaluing the gross output of both industrial and the service sectors. Even the

IMF was scandalized by the NEDA (National Economic Development Authority) claim of 4.9% growth rate for 1982 and ordered it to scale down the figure to something less incredible. The figure was finally lowered to 2.6%. Even this is highly questionable in many respects.

The Philippine GNP is supposed to be dependent on foreign exchange to the extent of 40%, according to Prime Minister Virata. So GNP must shrink as primary export receipts, foreign loans and other foreign exchange receipts decrease. Whether the GNP grows bigger or smaller, its content does not mean any development of the industrial base of the country.

To a great extent, it reflects rising expenditures for imported manufactures, decreasing primary export income and rising debt burden.

2. Will you describe the relations of production? As much as you can, present the socioeconomic classes as determined by the ownership of the means of production, position in the organization of production, and the methods of appropriating the product. Will you point out the single most dominant class that dictates on the entire relations of production? I assume that you can apply on the entire mode of production the term that you use to refer to the dominant character of the relations of production. Is it feudal, semifeudal, semicapitalist, in transition to capitalism or already capitalist? Explain why you do not use the terms other than your choice?

Under the auspices of US imperialism, the comprador big bourgeoisie has become the single most dominant class in the Philippines. It is the standard bearer of the dominant semifeudal production relations. In collaboration with the foreign monopolies, it is in command of a commodity system that is mainly and essentially determined by the unequal exchange of raw material exports and manufactured imports; and that gives the most strategic importance to the production of raw materials for export.

The comprador big bourgeoisie has replaced the landlord class as the No. 1 exploiting class in 20th century Philippines. And certainly, the dominant production relations can no longer be called feudal; although feudalism is still a large and widespread fact. In a certain sense, we can speak of foreign and feudal domination. But we use the term semifeudal both to describe the general and basic character of the relations of production and focus on the strategic role of the comprador big bourgeoisie.

We cannot call the dominant production relations capitalist because it is a comprador big bourgeoisie rather than a national industrial bourgeoisie that has hegemony over them. As a matter of fact, the semifeudal trading big bourgeoisie in combination with US imperialism and feudalism prevents industrial capitalist development under the national bourgeoisie.

But why use the term semifeudal, instead of semicapitalist or in transition to capitalism? The term semifeudal stresses the fact that as far as the local productive system is concerned, the comprador big bourgeoisie is linked more to feudalism historically and currently than to industrial capitalist development, which is blocked so long as the economy is an appendage of US imperialism and remains within the orbit of world capitalist system.

Semifeudalism can be used in two senses: (1) to sum up the economy that is shackled by two moribund forces—imperialism and feudalism; and (2) to refer to the dominance of the comprador big bourgeoisie and the kind of production it promotes (primarily raw-material production for export).

Such terms as "semicapitalist" or "in transition to capitalism" obscure the persistence of feudalism and the commanding position of semifeudalism, as well as the fundamental anti-imperialist and antifeudal tasks of the national democratic revolution in the era of modern imperialism and proletarian revolution. The Philippines is not at all on the way to becoming fully capitalist. No wrong impression should be created about this. The national bourgeoisie is shackled by US imperialism, and by the comprador big bourgeoisie and landlord class. It can be liberated only together with the basic masses of the people.

Let us look more closely at the comprador big bourgeoisie. It is the principal trading and financial agent of the US and other transnational corporations. Among the local exploiting classes, it owns and controls the largest and most important trading, financial and other facilities in the so-called service sector which are not direct subsidiaries of foreign corporations. According to a study made by Doherty, about sixty big comprador families control the majority of big banks and the so-called investment houses. All these are essentially merchant banks.

Through import-export transactions and lending operations, the comprador big bourgeoisie amasses wealth in the form of commercial profit and interest, and draws to itself the highest concentration

of capital from the surplus product of the country. Together with the multinational firms, the big comprador firms give the highest salaries to their white collar employees. But the profits are very high and the rate of exploitation is actually the highest. The profits are drawn not only from the productivity of the employees but from the entire production and distribution system in the country.

The export-import operations of the comprador big bourgeoisie including the sale of imported inputs to small merchants, is a semifeudal rather than a capitalist phenomenon: it is mercantile rather than an industrial phenomenon. The comprador big bourgeoisie and the landlord class are close allies.

Many big compradors are also big landlords. Thus, it is apt to speak alternately of the big comprador-landlord class. This class owns big plantations. These are after all the main source of raw-material exports. The big compradors thus assure themselves of a reliable supply base and a source of foreign exchange. They have been responsible for the semifeudal practice of hiring farm workers at peon wages in sugar and coconut plantations. But they also have some lands wherein they exploit a large number of tenants by collecting land rent.

Of course, the big compradors have large interests in sugar centrals and coconut mills, and in such other major sources of exports as mining and logging. They also own certain light manufacturing enterprises which are the largest and most profitable. But most characteristically, they follow the foreign monopolies in opposing national industrialization and the development of a well-balanced economy.

Only as a result of strong popular and national bourgeois demand for national industrialization do they grudgingly concede at certain times to the establishment of more light manufacturing industries which are import-dependent. And they control the imported inputs and the most profitable enterprises. They give a semifeudal character even to the industrial sector of the economy by preventing the establishment of heavy and basic industries in a comprehensive manner.

Because of their advantageous position, they can give higher wages to their workers than the national bourgeoisie. But the rate of exploitation is far higher in their firms because the profits are very high in relation to the wages. However, in relation to workers in capitalist countries, their workers' wages are far lower. The surrounding feudal backwardness breeds a large reserve army of labor, the source of cheap manpower for the big comprador firms.

More than any other exploiting class, the big compradors control and use the state as a source of economic privilege and as a large client. High government officials also use their public office to cut into big comprador operations. These big bureaucrat capitalists are essentially big compradors. With the protection of the fascist state, they tend to monopolize the big contracts and accumulate land rapidly. But they stay within the bounds of the big comprador class and the semifeudal system.

It is right to concentrate fire on the US multinationals but wrong to overlook the big compradors, especially the fascist compradors. Most import and export transactions pass through the big compradors. Even Westinghouse had to pass through the mediation of Disini and Marcos for it to sell a nuclear plant to the Philippine government. It is standard practice for US multinational firms to use local big compradors firms. Filipino exporters and importers of whatever size make use of the big comprador banks.

The landlord class is still the dominant class in the Philippine countryside. It is the standard bearer of the persistent feudal relations of production. In the most obvious manner, it owns vast tracts of land and collects rent from the great mass of tenants on assigned plots. To further enlarge the surplus product it extracts, it uses other methods of exploitation, such as the hiring of farm workers, usury, merchant operations, renting out of farm equipment and draft animals and the like which may be called semifeudal forms of exploitation.

The scope of landlord exploitation includes not only the tenants but also the poor and middle owner cultivators and the farm workers. Thus, the economic contradiction is not simply one between landlord and tenants but between landlords (both old-style and new-style) on one side and the peasants (i.e., poor and middle) and farm workers on the other. Semifeudal methods of exploitation proceed from and augment feudal ownership and methods of exploitation. There is a circular relationship between the feudal and semifeudal, in the absence of capitalist or socialist industrial development.

Old style landlords who collect rent from the tenants are far more numerous and own far more land than the new style landlords who hire farm workers. Feudalism is an indubitable fact even if we conservatively estimate that 40% of all Philippine farms are tenanted.

In the absence of genuine land reform, apart from the current rent reduction and anti-usury campaign of the revolutionary movement,

claims that the tenancy rate went down from 39% in 1971 is completely unbelievable. There has been no development whatsoever to reduce the estimated 52% in 1964. This should be much higher now, because the few token sales of land to the tenants since then have been far outstripped by the accumulation of land by the landlords, especially under the fascist dictatorship, not withstanding its bigger claims of land reform. A study by Ernesto M. Valencia points out that estimates of the tenancy rate by researchers range from 40% of all farms in 1979 (Aguirre) to 90% on the basis of a sample of 14 provinces in 1972 (Ferguson).

The landlord class including the old style landlords (not all are big compradors) initially collect the largest amount of surplus from the entire country. Subsequently, because the landlords are extremely dependent on imported manufactures, a great part of the surplus product is handed over to the comprador big bourgeoisie and becomes a highly concentrated form of capital for import-export operations. Still further, the imperialists take away their own part of the surplus product. In this pattern, the landlords are subordinated to the comprador big bourgeoisie.

Such semifeudal elements as the new style landlords, the rich peasant (rural bourgeoisie), the merchant usurers and those who rent out farm machineries are still circumscribed by feudal conditions in the rural areas. They are inclined to use their surplus income for acquiring more land and they are not averse to having tenants. Opportunities for nonagricultural investments are extremely limited. Thus, new landlord families replace the old disintegrating ones more than sufficiently.

Most new style landlords are feudal inheritors of land. Quite a number are also landgrabbers in frontier areas at the expense of poor settlers. The sheer ownership of land (even the worst land) commands absolute ground rent and only after this feudal fact is there consideration of differential rent. No landlord allows the use of his land without the payment of rent. The exaction of absolute ground rent is a matter of feudal right based on the landlord monopoly of land.

• The rich peasants or the rural bourgeoisie do not advance in a large way along a capitalist course of development. They remain as such or grow to be landlords replacing old landlord families whose heirs fragment and/or sell away their land.

• Farm workers are on the increase because landlord accumulation of land outstrips the expansion of agricultural land and because the

commodity system destroys the traditional labor exchange and mutual aid systems among peasants. Agricultural capitalism and farm mechanization are still minor factors. On the whole, the country is not yet at that stage of development wherein the farm capitalists in quick succession convert peasants into farm workers and then wipe them out or reduce their role though farm mechanization.

Most farm workers are still poor peasants. They come from poor tenant or owner-cultivator families which make up for their deficits by selling their labor power. In most cases, those who hire farm workers require them to bring their own hand implements. However, the increasing number of farm workers compete for less farm jobs and for less income, especially because of the depression of export crops and the prohibitive costs and risks of resettlement. Landlord and foreign agrcorporations are rapidly dispossessing the poor settlers in frontier areas.

There are at least three categories of farm workers: (1) those who are still poor peasants and lower middle peasants owning or tenenting small plots, who own some simple farm implements but who sell part of their labor power as seasonal farm workers; (2) those who have been dispossessed of both land and implements and who fully, or in the main, sell their labor power; and (3) those who are in transition to full unemployment and the worst form of pauperization and who may subsequently migrate to urban areas to do odd jobs.

The third category has increased tremendously under the US-Marcos regime. Unlike in Europe of the 15th and 16th centuries when the manufacturing phase of capitalism moved ahead to absorb surplus labor and transform this into surplus value, manufacturing in the Philippines has even fallen since 1970 and failed to absorb the increasing surplus labor. The increase of landless rural workers is leading to revolution and vagabondage rather than to full capitalist development.

If the Philippines were on the path of industrial capitalist development, the national bourgeoisie would be the standard bearer. But the fact is that it is subordinate both to the comprador big bourgeoisie and the landlord class in the semifeudal economy; most of the surplus product goes into the hands of these two classes.

Today middle entrepreneurs are at the core of the national bourgeoisie. They own and manage light manufacturing enterprises. Some of these enterprises in the main process local raw materials and are the

stable basis of the class. Other enterprises are dependent on imported inputs and are more vulnerable to foreign monopoly measures.

The national bourgeoisie is, in varying degrees dependent on imported equipment, manufactured and semimanufactured inputs as well as raw materials especially fuel. Such enterprises as those promoted during the 1950s have come under severe attack due to the pseudodevelopment scheme of "export-oriented development," import liberalization (i.e., reduction and removal of tariff and other restrictions on manufactured and semimanufactured imports), devaluation, heavy taxation and such other policies dictated by the foreign monopolies and the fascist big compradors.

As a matter of course, local manufacturers already manufacturing certain products tend to protect these products. The most progressive or ambitious among them want fullscale national industrialization. But it takes more than entrepreneurship to protect local products and advance local industrialization. Doing away with the entire semifeudal production relations involves the nationalization of political power.

The national bourgeoisie draws its profits from extracting surplus value from the mass of its workers. There is a contradiction between the two classes. But they can unite to oppose foreign monopoly capitalism. The national bourgeoisie can be in alliance with workers, peasants and urban petty bourgeoisie to end foreign and feudal domination and achieve a national democratic revolution.

The fact that peasants together with the farm workers continue to be the majority of direct producers and that the industrial workers have been a shrinking minority goes to show that the Philippine economy is far from capitalist. If the national bourgeoisie rather than the comprador big bourgeoisie were the ruling class, the modern industrial proletariat would be growing and become the majority of the direct producers. It should then be aiming for a socialist revolution rather than a national democratic revolution. At any rate, the modern industrial proletariat is the most advanced productive force and carries the ideology that is correctly guiding the Philippine revolution.

Only in a broad and loose sense can we speak of a large working class by lumping together all wage-earners, like the industrial, service and farm workers. In trade union work, for instance, we do not limit ourselves to the industrial workers. But they are certainly the core of the entire trade union movement. In the analysis of the mode of production, we should distinguish the modern industrial proletariat from

the rest of the wage earners if we are to correctly measure the extent of capitalist development.

So far, it is only the urban petty bourgeoisie that we have not discussed. The urban petty bourgeoisie includes the small entrepreneurs, the small merchants and the general run of independent or salaried professionals and technicians. Most of them are employed by the reactionary government and the imperialist, big comprador and middle bourgeois firms.

The urban petty bourgeoisie is the lowest stratum of the bourgeoisie. In general, it receives a higher income and enjoys a more comfortable life than the toiling masses. It can send its children to school to receive professional and technical training under a pro-imperialist and big comprador ideology. But in the worsening crisis of the semifeudal economy, it finds itself increasingly exploited and becomes drawn to the revolutionary movement of the toiling masses.

Among the reactionary economists, it is standard practice to divide the GNP by the population and speak of a per capita income. This is a mere abstraction that obscures the fact that only a few grab the surplus product of society and the rest receive subsistence incomes. The GNP includes the superprofits of the multinational firms; the profits and interest income of the comprador big bourgeoisie and the rent collection of the landlord class. Normally, only some eight percent of the local population receive salaries, fees and profit large enough to make them enjoy a comfortable life. What is left for some 90% of the people to divide in the form of wages and crop share is so small that they must suffer a life of want and misery.

3. What is the so-called development scheme of the US-Marcos regime? Does it have anything to do with industrialization? Some individuals insist that the US has been industrializing the Philippines since 1970 or even earlier. Please comment.

Development is a term much abused by the imperialists and local reactionaries. It needs clarification. Economic development properly means industrial development for a country that is underdeveloped, agrarian and semifeudal.

Industrialization is the engine and leading factor of economic development. It must be accompanied by genuine land reform or agrarian revolution to clear the ground of feudal and semifeudal obstacles, to release the surplus product appropriated by the landlords and big

compradors, develop agriculture as the source of food and raw materials and create a large domestic market mainly among the peasants and the growing working class. There has to be a comprehensive and balanced development of heavy industries, light industries and agriculture.

In this light, the US imperialists do not have a development scheme for the Philippines. What it has is a pseudodevelopment scheme which opposes industrialization and genuine land reform and aggravates the underdevelopment of the Philippine economy. The main thrust of US policy has been to overload the country with foreign loans and to directly invest in it so as to facilitate sale by the US of its finished products at increasing prices and its purchase of raw materials at decreasing prices.

If we review US economic policy as transmitted through the International Monetary Fund (IMF) and World Bank reports and recommendations since the early 1960s (when the US decided to put the US Agency Export-Import Bank and US economic missions on low profile as channels of economic policy dictation), we will discover that the main line imposed on the Philippine government has always been "export-oriented development" and countering the demand for national industrialization.

"Export-oriented development" has meant first of all, promoting raw-material production-for-export and providing this with infrastructures, more milling equipment, transport, storage and other facilities. To supplement this, food production has also been promoted. And raising agricultural productivity through imported agricultural inputs is deemed far more important than land reform. The US, Japan and other capitalist countries provide supplies for production and manufactured goods for consumption.

The early 1960s was a time for the US to turn back the Filipino-owned light manufacturing industries and the demand of the national bourgeoisie and the people for industrialization. The import and foreign exchange controls that had favored and stimulated the growth for light manufacturing industries during the 1950s were dismantled. Decontrol was the key move for cutting down what the US imperialists considered undue presumptions of Filipino-Firsters.

The early 1960s was also a time for the US to make some accommodations for Japan and other capitalist countries in the Philippine and other Asian markets. Thus, to oversee the sharing of the market,

the World Bank became more active in this part of the world and the Asian Development Bank was established. The capitalist countries devastated in World War II had started to brim over with their industrial production. It was thought that the Philippine market for foreign manufactures would expand as the country would go on programs of infrastructure-building and of expanding capacity for raw-material production.

The expectation was that the import-dependent industries established would wither on the vine and that tariff protection would be gradually reduced and then removed. The imported manufactures would sweep away the so-called import-substitution industries or these industries would be absorbed by joint ventures controlled by the multinational firms. However, the national bourgeoisie through its nationalist spokesmen in Congress and the Press proved for some time to be resilient not only in resisting complete economic annihilation but also in preventing the enactment of a foreign investment law satisfactory to the US.

Although President Macapagal had done the US a good turn by giving way to full decontrol in 1962, he would subsequently be junked for failing to produce a foreign investment law. At that time, the US was anxious to head off by a full decade the termination of the Parity Amendment and the Laurel-Langley Agreement in 1974. Thus, Marcos would be anointed as the replacement. And in the latter half of the 1960s he was able to deliver the laws on investment incentives and export processing zones.

A review of the type of investments made by the US and other foreign firms since any point in the 1960s up to the present would show that these have been in trading, banking, import-dependent manufacturing, mining, oil exploration and agriculture. There have been no heavy and basic industries established to significantly advance local industrialization. Even the Iligan Integrated Steel Mill project of Macapagal has been sabotaged by Japanese foreign creditors, especially the steel interests, and by the present administration.

"Export-oriented industries" were projected in the late 1960s with the plan to put up the Bataan Export Processing Zone (BEPZ) and the Progressive Car Manufacturing Program (PCMP) or the car assembly program. The PCMP was the centerpiece of this supposed industrialization thrust.

With the glaring failure of the car assembly program in the late 1970s, it became the turn of garment-and-electronic end-processing to be pushed into prominence.

Since the late 1960s, the so-called export-oriented manufacturing has been ballyhooed as the spearhead of industrialization. Export-oriented manufacturing is a tricky term. It suggests that the Philippines is manufacturing surpluses for export. And Marcos and his technocrats dare claim that manufactured exports are becoming the main export-earners. But, in fact, as earlier pointed out, these are reexports that actually yield no dollar earnings for the country if the high cost of imported raw materials and equipment, transfer pricing, profit remittances, tariff exemptions and the high cost of building the infrastructures for the export processing zones are taken into account.

The "car manufacturing" program is about the worst of "export-oriented manufacturing." This has simply been a scheme to import knockdowns and completely built cars to circumvent the tariff walls, sell cars entirely to the country mainly to government offices and private firms to which foreign loans have flowed as well as to the military which has been getting the lion's share of government appropriations and siphon off a large part of the foreign loans pumped into the country.

"Export-oriented industries" are extremely dependent on imported equipment, finished components, semimanufactures and raw materials and are merely a part of the perpetuated basic pattern of exchanging Philippine raw materials with foreign manufactures. A huge portion of the products of these pseudo-manufacturing enterprises are actually sold in the Philippine market far beyond limits set by official regulations.

The Philippines has been consistently dependent on raw-material exports whose prices have been increasingly depressed while the prices of imported manufactures have been soaring. It has gone into heavy borrowing (from \$2.0 billion in 1972 to \$25 billion in 1983) in order to be able to continue importing consumption goods and some supplies for light manufacturing; and to support a program of wanton public spending for nonindustrial purposes: roads, bridges, ports and dams, military build-up, nuclear, geothermal and hydroelectric plants; the cultural center complex, five-star hotels and other tourist facilities, etc.

It was the neo-Keynesian notion of the World Bank under McNamara that loans to the developing and underdeveloped countries like the Philippines would pump prime the capitalist countries in recession.

Indeed, these countries have been able to sell a lot of construction equipment and structural steel; energy plants; cars, ships and planes; computers and other office equipment; home appliances; farm equipment and chemicals; armaments; etc. And the multinational firms, the bureaucrat capitalists and the rest of the big compradors have made a killing. But the Philippines is reeling from inflation and the depression of its exports. It cannot pay its foreign debts except by incurring more debts.

What has happened to "export-oriented development"? The country has become ever more dependent on imported manufactures. The foreign trade deficits of the Philippines have kept on growing. The trade deficit for 1982 was \$2.8 billion, the balance of payment deficit, \$1.135 billion. The underdevelopment of the Philippine economy has only been aggravated. The trade deficit for 1983 is \$1.736 billion and the balance of payments is \$2.734 billion. From 1972 to 1983 the Philippines has accumulated \$16 billion total trade deficit.

In 1979, Marcos threatened to launch 11 major industrial projects and acknowledged the lack of industrialization under his rule. After four years, he has put up only one—the copper smelter—which is of limited capacity, overpriced through the usual corrupt mediation of bureaucrat capitalism and worst of all, controlled by Japanese interests that have their own copper smelters back home to protect. The copper smelter is a token industrial project that cannot change the character of the economy and will most likely suffer the same fate as that of Macapagal's Iligan steel mill project in the 1960s.

At any rate, the IMF-World Bank combine has already told Marcos to stop talking about major industrial projects and to stick to "rural development" gimmick like the KKK. There have always been funds for capital intensive infrastructure and energy projects but no funds for industrial projects. Lack of capital is the argument against industrialization and at the same time for letting foreign investors into high and quick-profit areas of the economy.

The reactionaries do not carry out genuine land reform that could expand the domestic market but they use the limited domestic market as an argument against industrialization. They deliver speeches about the need for technology transfer but only to justify the foreign investors'

privilege of owning enterprises in the country on the ground that they own the technology (including the most commonplace technology and even mere packaging of trademark).

There is also a lot of speechifying against protectionism in accordance with US textbooks. But the purpose is to make import liberalization acceptable even while Philippine exports are subjected to protectionist measures in the US and other capitalist countries. Marcos and the technocrats are capable of saying anything in forums or negotiations, short of asserting the economic sovereignty and determination of the Filipino people to achieve industrial development.

After so much talk about "universal banking" being geared to industrialization, it turns out that this is merely a device for crony corporations to further raid state and private banks and then for them to turn themselves in for receivership. Together with the Philippine National Bank and the Development Bank of the Philippines, the National Development Corporation which is supposed to be in charge of industrial projects is overloaded with many bankrupt crony corporations.

The Philippines can get more foreign loans only at more and more onerous terms and can only sink deeper into the debt trap. The basic ills of the economy are thereby becoming more and more exposed. The Philippines is obliged to exercise fiscal restraints, liberalize the importation of manufactures, devalue the peso, etc. The crisis of over-production in the world capitalist system has increasingly exposed the consistent US line of anti-industrialization for the Philippines.

4. What is the score on land reform? To what extent has it touched the land problem?

Ibon Facts and Figures (No. 75) states that only 1,684 tenants on 1,538 hectares of rice and corn lands have fully paid for their land and gained land titles under the Marcos "land reform" as of the end of 1980. The number of tenants becoming owner-cultivators is only 0.04% of the estimated total number of tenants of all crop lands and 0.05% of all tenants within the scope of the so-called Operation Land Transfer (OLT). This insignificant number of successful amortizing owners consist mainly of those who are not even full-time tenants or have sources of income other than their tenancy, such as foreign or urban employment of some members of the family.

The joke is that it will take two millennia for Marcos to emancipate all the intended OLT beneficiaries in rice and corn lands. And yet the

land problem in the rest of the country will have become bigger. Of course, the joke overlooks the fact that there is a growing revolutionary peasant movement all over the country.

As of 1980, there were 113,704 tenants on 184,189 hectares of rice and corn lands that were supposed to have become "amortizing owners"; i.e., they have started to pay for the land according to a 15-year installment plan. These tenants are a measly two percent of the tenants of all crop-land; and 28% of all tenants slated for conversion into "amortizing owners." The land being amortized is 1.5% of all crop lands, 2.7% of all rice and corn lands, and 25% of all tenanted rice and corn lands slated for expropriation by the Land Bank.

As of 1980, also, more than 80% of "amortizing owners" defaulted on 80% of total payments due. Defaults are due to the high price of land (which is not any lesser than the going market price and often based on inflated production figures), past and current debts, various exactions such as those under the Samahang Nasyon and Masagana 99, crop failures, the rising costs of production and subsistence; and the government policy of pressing down the price of farm products. Tenants, including "amortizing owners," are now selling their tenancy rights because of indebtedness to usurers.

One way of weighing how colossal is the "achievement" of Marcos in land reform is to compare the 1,684 tenants of 1,538 hectares (0.9 hectares per tenant, a far cry from 3 hectares if irrigated and 5 hectares if unirrigated as promised by PD 27) to the 267 corporate farms of agroservice corporations which have acquired 86,017 hectares within the same period under General Order 47.

The number of hectares acquired by the successful "amortizing owners" is far smaller in comparison to the amount of land transferred to the fascists from landlords out of power, owner-cultivators, settlers and minorities. The "infrastructure" program, the threat of expropriation under the "land reform" program and control of the banks have enabled the fascists to amass land. The fascists buy land cheaply from landlords out of power and grab land from settlers and minorities on untitled lands.

The illusion of land reform is also conjured by the formal conversion of a few hundreds of thousands of rice and corn tenants into so-called leaseholders who remain tenants in areas where there is yet no armed peasant movement. These leaseholders are obliged to pay a fixed rent of 25% of the annual average crop of three "normal" (best) crop years

prior to the leasehold agreement. The tenants are simply obliged to deliver the fixed rent, irrespective of actual crop. The system has been devised as a counterinsurgency measure. But this has been defeated in a number of ways by revolutionary peasants. In the old tenancy system, the commonplace 50-50 sharing was based on the actual crop certified to by overseers or by the resident landlord himself.

The landlords ensure the exaction of a higher rent from the tenant under the fixed rent system by dictating falsified high production figures as the basis for the leasehold agreement. They are driven to do so for fear that their land would come under expropriation and the annual average crop yield would be used as the basis of the land price.

The fixed rent system is so biased against the tenants that when crop failure occurs (which does occur at least once every three years) they ask the landlords to revert to the old sharecropping system. The fixed rent system has been devised as a countermeasure to the tenants' harvesting part of the crop without the knowledge of the landlord. The tenants are simply obliged to deliver the fixed rent.

All rice and corn peasants of poor and middle status are severely victimized by the policy of the fascist dictatorship to press down the prices of their products while the cost of production and subsistence are made to rise rapidly. There has been an increase in rice production but the income of the peasants has been cut down by the rising cost of imported inputs. Small and medium owner-cultivators have been forced deeper into indebtedness and bankruptcy. There are preyed on by the state no less and by the big compradors, the landlords, the rich peasants and merchant usurers. Some peasants seemed to have benefited from Masagana 99 in the 1970s only because they avoided paying back the loans. The loans were actually usurious; despite its supposed below-market rate of interest. Aside from interest and service charges there were also the large overprice of supplies, samahang nasyon fees, grease money for follow-up expenses, etc. When these were withdrawn or when payments were demanded, the peasant borrowers who tried to pay their loans found themselves in financial trouble.

Under the shadow of the imperialist banks and multinational suppliers, the fascist compradors have been the biggest local predators. They have overpriced the construction of irrigation facilities and other infrastructure to enlarge their cut. And so, irrigation fees and taxes have risen fast. They have hooked the peasants to the miracle rice

varieties and imported chemicals, the local trading of which they monopolize. The prices of these inputs have been jacked up without letup. And yet buying price of rice and corn is pressed down by fascist decree.

Agricorporations have inveigled some rice and corn peasants to go into corporate farming with them. These peasants have been reduced to the status of farm workers and cheated in the accounting of income and expenses. Excessive charges are made for loans, management, machines, chemicals, irrigation, etc. The peasants find themselves falling more and more into debt and losing tenancy and ownership rights to the agricorporations.

The peasants and farm workers in export-oriented agriculture have suffered terribly from the depressed prices of their crops. The tenants here are outside the scope of the official pretense of land reform and are often prevented from planting rice or corn. The farm workers are the most victimized by conditions of unemployment and underemployment. Owner-cultivators go bankrupt. Even the landlords who are out of power and who have difficulties in getting crop loans or paying them back are compelled to sell their land to the landlords in power at various levels of the fascist hierarchy.

In frontier areas, old style and new style landlords (Filipino and foreign) are forcing settlers and national minorities to become either contract growers, tenants or farm workers or to simply leave their land at gunpoint. Pasture lease, "palayang bayan," corporate farming, compact farming, "agro-industrial development" and counterinsurgency campaigns are the pretexts and devices for landlord acquisition of tilled and untilled land in the frontier areas. Spontaneous resettlement and swidden agriculture are already being blocked by landlordism as major alternative means of livelihood for the landless tillers.

The land problem has become worse under the fascist dictatorship. From 1970 to 1980, agricultural land still expanded from 8.9 million to 12 million hectares. The 3.5% annual rate of agricultural land expansion outstrips the 2.6% population growth rate from 1975 to 1980. But the rate of land accumulation by the landlords continues to outpace the rate of agricultural land expansion.

It can be expected, however, that the regime will drastically reduce the tenancy rate on paper. If it could do so for the period 1960-1970, there is no reason why it will not do so again for the period 1970-1980, because its claims on the success of the entire "land reform" program

have been far more preposterous. At any rate, the aggravation of the land problem has made the ground far more fertile for revolution in the countryside. Bogus land reform has only exacerbated rather than reduced the land problem.

5. *Is "export-oriented manufacturing" industrializing the country and making it depart from the colonial exchange of raw materials and foreign manufactures? There are those who hold the notion that it has done so. How do the so-called export-oriented industries compare with the import-substitution industries of the 1950s?*

If the country is to industrialize, it will have to establish heavy and basic industries. "Export-oriented manufacturing"—e.g. "car manufacturing," garments and electronics—involves the slight and fringe processing or mere assembly of imported components.

You can call this pseudomanufacturing. The workers are limited to doing handicraft, not even manufacturing. Sewing and embroidery, screwing finished components together, making upholstery, shoemaking and the like are old handicraft skills in the country.

Only a few tens of thousands of workers are factory employed. More jobs are farmed out to and spread thinly among urban and rural poor women who work in their individual homes. The factory workers are paid extremely low wages. Those who work in their own villages are paid by the piece at an even lower rate. The peasant women use their spare time from farm work to do their "manufacturing." They receive small amounts of cash and make no accounting of how much in rent, plant facilities, light insurance, interest, etc. they save the multinational firms and the big compradors from paying in addition to the expenditure of labor power that is too cheaply paid.

There is a misconception that the "export-oriented industries" are a medium of technology transfer and therefore promote industrialization. But, precisely, basic and core processes are kept away from the country. It is not "export-oriented industries" that prompt the World Bank to call such places as Taiwan, South Korea and Brazil "new industrializing countries" but it is some tokens of heavy and basic industries.

The US through the IMF-World Bank combine has repeatedly made it clear that the Philippines has to concentrate on "rural development" and not on "major industrial projects" even if these are mere tokens of industrialization and controlled by the multinationals as proposed by Marcos. The crisis of the world capitalist system is such that no

funds can be had for these. Why should the US and other major capitalist countries industrialize the Philippines while they all want to sell industrial products abroad, revive idle capacity and reemploy their unemployed?

Marcos will not go far beyond his Japanese-controlled copper smelter of limited capacity. Even the "export-oriented industries" are tightly squeezed by protectionist measures in capitalist countries. And the "import-substitution industries" are in even worse situation.

The "export-oriented industries" cannot industrialize the Philippines nor make it depart from the colonial exchange of domestic raw materials and foreign manufactures. These industries facilitate the entry of manufactures into the Philippines and help perpetuate the country's overdependence on raw-material production-for-export. The "export-oriented industries" are a device not only for exploiting cheap Filipino labor in labor-intensive processes but also for circumventing tariff walls and penetrating the local market. A great portion of the "manufactures" is sold in the local market. The so-called car manufacturing program is simply an excuse for avoiding high tariff duties on cars by importing certain proportions of knockdowns and completely assembled cars. Assembly of knockdowns is passed off as manufacturing. All these cars are sold in the local market at higher prices than those abroad on the ground that local "manufacturing" is more costly.

Now let us compare the "import-substitution industries" to the "export-oriented industries." Both are dependent on importation of equipment, manufactured components and raw materials, and cannot lead to industrialization. "Export-oriented industries" are far more import-dependent and therefore cannot possibly promote local industrialization. These also involve a smaller range of product lines whereas the "import-substitution industries" have involved a wider range of product lines and more processing, and could easily be integrated with heavy and basic industries were these to be established.

The "export-oriented industries" only appear to provide a lot of employment. Actually, they provide regular factory employment only to a few. In comparison, the "import-substitution industries," which cover a wide span of light manufacturing for domestic market, have generated a lot of regular factory employment and have been responsible for the Philippines being rated as No. 1 in degrees of development in South-east Asia in the 1950s and 1960s. With the official bias against light manufacturing for the domestic market taking its toll, the Philippines

together with Indonesia is now at the bottom of the list of economic sluggards in Southeast Asia.

"Export-oriented industries" are a far bigger drain on foreign exchange. The import costs of equipment and raw materials range from 60 to 92% of the value of the garment and electronics for reexport. There is a lot of transfer-pricing aside from the open remittance of profits, capital repatriation, debt repayments, management fees, royalties, etc. The government has been obliged to give tariff exemption and has spent a great amount of borrowed funds to build the export processing zones.

The Philippines makes no foreign exchange earning but incurs huge losses on the reexport of garments and electronics, contrary to the claims of Marcos and his technocrats that these are major export earners. They are merely looking one-sidedly and uncritically at the income side of the foreign trade sheet with regard to these reexports. By far, the traditional raw materials exports are still the main export earners.

In 1981, electronic reexports was \$313 million but import cost of materials and accessories was \$287.7 million. Thus, only \$25 million was gained. The import cost was 92% of export value. This, however, is not yet the foreign exchange gained because out of this will have to be taken the profit to be remitted, interest for loans, capital to be repatriated, etc., by the foreign multinationals.

In 1982, the garments manufacturers are said to have exported \$450 million worth of garments but the import cost of raw materials alone that had been converted into garments is \$350 million. Hence, only \$100 million or 22% constitute the foreign exchange earnings, without yet discounting the depreciation cost of imported equipment, repatriated profit of foreign owners of garment factories, etc.

The "export-oriented industries" or reexport enterprises are now shrinking in the face of decreasing quotas and other protectionist measures imposed by the capitalist countries. They easily fold up without much loss. Their plants and equipment are flimsy and overvalued for purposes of transfer-pricing. The world over, they are notoriously known as "gypsy industries" because they can come and go easily without being held back by any real substantial capital investment.

However, light manufacturing industries for the domestic market are in even more serious trouble. These are being cut down by import liberalization, devaluation, outright deprivation of foreign loans, etc. Since 1979, the front for imperialist trade offensives has widened rapidly.

In the 1970s, many of the import-substitution industries managed to survive while a lot of foreign loans flowed in and the multinational corporations concentrated on selling construction equipment, structural steel, motor vehicles, energy plants, computers, appliances and the like. But in the 1980s, the economic and financial crisis of the world capitalist system is such that the foreign loan creditors and the multinational corporations have become even more intolerant of the so-called "import-substitution industries."

6. *Is there any truth to the insistence of certain quarters that the US and the Marcos regime are seriously carrying out neocolonial industrialization and land reform in order to make the country a modern industrial neocolony and to dissipate social unrest? It is claimed that "export-oriented manufacturing" is turning the country into a manufacturing base of the US and other multinational firms. Some say that the Philippines is already a "newly industrializing country." Others say that it is already capitalist. What are the implications of such claims as far as the revolutionary movement is concerned?*

The US and the Marcos regime are carrying out a policy of anti-industrialization as borne out by facts already cited. What has been going on is not neocolonial industrialization but neocolonial anti-industrialization.

One cannot ignore the main fact that the imperialist creditors (IMF, World Bank, Asian Development Bank and private banks) and the US and other multinational firms have been pushing the importation of manufactures into the country and making it more dependent on raw-material production for export. Thus, the Philippines finds itself extremely over-burdened with foreign loans wasted on consumption-oriented and nonindustrial projects.

The wastage of huge financial resources has drawn the country further away from establishing heavy and basic industries and aggravated its underdevelopment. The funds that have been poured into overpriced and substandard roads; bridges and ports; five-star-hotels, private palaces and offices and office buildings; fancy office equipment and fleets of vehicles for government offices; the enlargement of the parasitic central bureaucracy and the military; etc. could have profoundly and comprehensively industrialized the country. But instead, these are burdens on the back of the people within the framework of underdevelopment.

The imperialist export of surplus capital (direct investments and loans) has revolved around the export of surplus manufactures of so many sorts, except the equipment that would enable us to produce our own industrial equipment (i.e., capital goods).

The so-called export-oriented manufacturing is nothing but sham manufacturing of limited scope and as already said cannot industrialize the country. Aside from taking advantage of cheap local labor to some limited extent for minor but labor-intensive processes, the purpose of the transnational corporations in establishing these types of enterprises is to go around tariff barriers and exploit the local market. The so-called export-oriented manufacturing has also been used for some time as propaganda device to create the illusion of industrialization. Until recent years, "export-oriented manufacturing" together with construction-related manufacturing (cement, metal fabrication, wood processing, etc.) used to bloat the figures for manufacturing in the GNP. With the tightening of foreign credit, the share of manufacturing and of industry as a whole has shrunk.

Under the regime, manufacturing and industry as a whole have actually shrunk in terms of real net output and employment.

As regards industrial projects which have been proposed by Marcos seriously or not since 1979 and by the ASEAN since 1975, the World Bank and the US and Japanese transnational corporations have consistently resisted them. Despite the come-on for foreign monopolies to invest in these projects and to control them, they have consistently insisted that the local market is too small and that they can more than adequately supply it from their existing plants elsewhere, mainly in their home countries.

Even if all the proposed 11 industrial projects had been put up, these would have been no more than mere tokens of industrialization to deviously qualify the Philippines as a "newly industrializing country." But the most forceful argument used against these now by the creditors and TNC's is that the Philippines cannot afford them and cannot get foreign investment and loans for them.

Regarding land reform, the US-Marcos regime itself admits that it has not solved the land problem although it boasts that it has accomplished more than any previous regime. It should be pointed out that this current regime has aggravated the land problem. Certainly, it has made bigger promises and claims and relatively bigger tokens of land reform than any previous regime. But all these are overshadowed by

the most unbridled and most massive transfer of land to a new set of landlords in power.

The nationwide expansion and intensification of people's war based mainly on the peasant masses is the clear-cut proof of the intolerable aggravation of the land problem. If genuine land reform has been undertaken by the regime, the Communist Party of the Philippines and the New People's Army would not have found the ground so fertile for armed revolution.

There is no industrialization and land reform going on to dissipate social unrest as claimed by certain pseudorevolutionaries. There is in fact the intensification of fascist, foreign and feudal exploitation and oppression. The national democratic revolution of the broad masses of the people is moving forward.

It was in the late 1960s when Lavaite patriarchs actively espoused the line that US imperialism has been seriously taking steps to effect industrialization and land reform since the 1950s. They adopted this line to explain that "US-inspired economic reforms" rather than Lavaite misleadership had caused the defeat of the armed revolutionary movement in the 1950s; and to oppose the revolutionary line which was being drawn up in the late 1960s.

Subsequently, the patriarchs found a gullible mouthpiece that proceeded to publicize the line that armed struggle would be even more futile in the late 1960s and onwards because the US and the Marcos regime were supposedly even more determined to industrialize the Philippines and carry out land reform. Since then, this mouthpiece has never tired of harping on the line and muddleheadedly mixing pseudo-Marxist premises with the absurd claims of the World Bank, the TNC's and the technocrats about "economic restructuring" in the Philippines.

Since their open surrender to the US-Marcos regime in 1974, the Lavaites have become so immersed in their collaboration with the fascists that they have become even more blind to such obvious facts as the US-Marcos opposition to local industrialization and land reform and the nationwide cumulative growth of the revolutionary mass movement.

The Lavaites pretend that the Philippines is already industrializing and at the same time protest that the MNC's are the owners and controllers of the enterprises and employers of an increasing mass of Filipino workers. And then the Lavaites console each other that the growing proletariat would eventually fall on their lap and that they would some day put one over the US and Marcos by suddenly turning

the proletariat against them in the fashion of an urban uprising as in the Russian revolution in 1917. They forget that in the experience of the Bolsheviks and the Russian people, the fighting proceeded to the countryside for an extended period.

The same Lavaite quarters overrate "export-oriented manufacturing" and the bogus land reform as having advanced and increased the magnitude of the modern industrial proletariat. Thus, even without the token heavy and basic industries as in Taiwan and South Korea, a Lavaite mouthpiece has gone on to claim even ahead of the World Bank that the Philippines is a "newly industrializing country."

There are those who assert that the Philippines is already capitalist because the working class is supposed to be in the majority already. They lump together all those categorized as industrial, service and farm workers and obscure the important distinctions among them. They do not see that even the industrial workers in the Philippines are attached mainly to import-dependent light manufacturing, there being no heavy and basic industries.

The consistent line of the Lavaites is that a protracted people's war based mainly on the peasantry is out of the question. They thus pin their hopes on a working class that is supposed to be expanding fast in an imaginary process of industrialization. But unfortunately for them, the Lavaites are shunned by the masses of workers for collaborating with the regime.

All attempts of the Lavaites to justify their continuing failures and, worse, their collaboration with the fascist regime have proven to be utterly futile. Even the Soviet theorists have been uneasy and disturbed about the Lavaite's conceding that the US and the Marcos regime are carrying out industrialization in the country as this preempts a Soviet offer of "noncapitalist development" to the regime.

7. *It is supposed that "neocolonial industrialization" is unstoppable and that it is supposed to have been determined by a "new international division of labor" (NIDL) and "internationalization of capital" under which the capitalist countries concentrates on capital-intensive high-technology industries and shift labor-intensive industries to developing countries such that these countries can become industrialized and depart from the colonial exchange of raw-material exports and manufactured imports. How does this relate to Lenin's theory of modern imperialism and the going facts in the world capitalist system now?*

There is a limit to the transfer of labor-intensive processes to the developing countries. The capitalist countries do not on their own initiative transfer labor-intensive processes or industries to the developing countries to the point of industrializing these countries and depriving themselves of captive markets for their surplus manufactures as well as sources of cheap raw materials.

In the US and other capitalist countries, there is the objective process of rapid constant capital build-up. The labor-intensive processes are being automated. At the same time, it is the subjective wish of the political and economic leadership of the capitalist countries to cope with their unemployment. Thus the transfer of labor-intensive processes to developing or underdeveloped countries is extremely limited and cannot by any stretch of the imagination lead to the industrial development of these countries.

Were the capitalist countries to allow developing countries to industrialize, the capitalist crisis of overproduction would worsen at a far more accelerated pace. The usual practice of the monopoly capitalists in the face of losses or a rapidly decreasing rate of profit is to cut down production or discard their inferior plants in favor of more efficient ones rather than allow the underdeveloped or developing countries to acquire their own industrial capacity.

The foreign monopoly capitalists constantly fear and oppose any permanent reduction of their overseas market, especially because their high-technology industries employ a very limited number of people.

Let us take, as an example, the steel industry which is so important in the process of industrialization. The US would rather keep idle or melt down so many of its steel plants than have these transferred to developing or underdeveloped countries. These steel plants conceded to a few entities like Taiwan, South Korea and Brazil are mere tokens of limited capacity, and their economies are hogtied by the continuing need to be supplied with so many types of basic and special steel products from the capitalists countries in a wide range of construction projects.

A few token industrial projects have been conceded by the US and other capitalist countries to a very few developing countries only because of the strong demand of the latter and not because of voluntariness on the part of the former. As much as they can, the capitalist countries maneuver to limit the industrial projects and tie them down for the purpose of extracting more advantages for their home industries.

The Philippines is a good example of an underdeveloped country that is held down to having no more than import-dependent light manufacturing. And it has even been obliged to retreat from a wide range of light manufacturing that serves local needs and to opt for the flimsier processing of a few items for reexport, as the dominant TNC's want to supply entirely finished products to the Philippine market. This point seems not to be grasped by those who claim neocolonial industrialization for the country.

Modern imperialism would cease to be what it is if it were bent on industrializing the developing countries. The main and essential scheme of the imperialists is still to supply the underdeveloped and developing countries with manufactured products in exchange for cheap raw materials. The export of surplus capital in the form of direct and indirect investments serve the unequal exchange of manufactured surpluses of the capitalist countries and raw materials of the developing countries.

The imperialists draw their superprofits from unequal trade and from the investments and loans attendant to this trade. If this trade is called colonial, it is because it originates from colonial times; it does not mean that its importance is dissolved under modern imperialism. One who uses the term neocolonialism as a synonym for imperialism should not be misled into thinking that the colonial pattern of trade has been replaced by something like "neocolonial industrialization."

The facts in their entirety and decisive detail do not show that the capitalist countries have taken the initiative to form a "new international division of labor" and allowed the developing countries to industrialize and depart from their dependence on raw material production for export and importation of finished products. One simply has to look into the facts behind the struggle of the third world for a new international economic order. North-South dialogues and confrontation are becoming more and more bitter.

And here comes the Lavaites claiming that everything has been settled on the initiative of the imperialists who through the TNC's have supposedly decided to industrialize developing countries with a small number of runaway shops from the capitalist countries. The book *Development Debacle* by Walden Bello, et al., exposes completely the falsity and failure of the promised industrialization of the Philippines through "export-oriented manufacturing."

As the capitalist crisis of overproduction worsens, the capitalist countries and their TNC's directly and through their banks, dictate

on developing countries to desist from proposing industrial projects, bring down tariff barriers, borrow at more onerous terms, devalue their currencies, etc. The capitalist countries push their respective trade offensives at the expense chiefly of the underdeveloped or developing countries. At the same time, the former impose quotas and other protectionist measures against exports and reexports of underdeveloped or developing countries.

The Lavaites eclectically pick up all sorts of false ideas and give credence even to false claims of the World Bank and the TNCs to support their line that the US imperialists and the Marcos regime are industrializing the country. In the process, they unwittingly cast away the Soviet theory of "noncapitalist development" in favor of a theory of industrialization by the TNCs. In this regard, the only thing that the Soviet Union can be happy about the Lavaites is their trying to obscure the third world demand for a new international economic order.

The Lavaites are so opposed to the national democratic revolution and so attached to the regime that they have degenerated to the point of crediting US imperialism with an imagined industrialization of the country. Industrialization will take place when the country and the people are freed from foreign and feudal domination.

The notion that the developing countries can be industrialized by the transfer of labor-intensive industries from the capitalist countries is supposed to have originated from the work entitled *The New International Division of Labor* by West German scholars Volker Froebel, Jurgen Heinrich and Otto Kreye, of the Max Planck Institute. Since then, some apologists for the TNCs have used this notion to overrate TNC role in the so-called industrialization of the developing countries. Then, the Lavaites adopted the notion, called it neocolonial industrialization and flaunted it as if it were an improvement on Lenin's theory on modern imperialism.

The notion is not really new. Kautsky and his disciples in the Second International hailed the domination of the imperialists over the colonies and semicolonies on the ground that this would achieve a civilizing mission and the peaceful development of the dominated countries into capitalism. In exchange for their raw materials, they were supposed to acquire industrial productive capacity and become capitalist. But, then as now, the imperialists with the collaboration of the local reactionaries have persistently tried with all their might to keep the dominated

countries as a cheap source of raw materials and a lucrative market for their manufactures.

We are still in the era of modern imperialism and proletarian revolution. The essentials of Lenin's theory on modern imperialism are still valid today. The basic conditions from which he drew basic principles have continued. He has correctly presented imperialism as the highest and final stage of capitalism. It is moribund capitalism, the eve of social revolution in both capitalist and underdeveloped and developing countries. The term neocolonialism is a mere variant of the term imperialism and does not mean industrialization of underdeveloped countries by foreign monopolies on TNCs because in fact no such industrialization is taking place.

8. *What can one say about the notion that together with the "land reform" program of the US-Marcos regime such measures of rural development as the miracle rice program, increased use of imported farm inputs, the fixed rent systems, the rapid increase of farm workers, corporate farming and compact farming, crop diversification, animal breeding programs, putting-out jobs to villagers and the Kilusang Kabuhayan at Kaunlaran (KKK) have resulted in a significant advance from feudalism towards capitalism?*

In the absence of genuine land reform which breaks up feudal and semifeudal social relations, these measures of "rural development" can only benefit the big compradors and big landlords at the expense of the peasants and farm workers. Some crumbs fall to the rich peasants and merchant usurers. These measures cannot by themselves effect any significant advance from feudalism and semifeudalism or from the overall semifeudal character of the economy.

The miracle rice program has increased the productivity of peasants over a few hundreds of thousands of hectares of land and expanded the market for US agricultural chemicals. But the peasants have had to suffer the higher cost of production, especially the imported inputs (fertilizers, pesticides, irrigation facilities, etc.). These have cut down their share of the crop and forced them into debt and further penury. The semifeudal big compradors headed by the fascist ruling clique have collected the biggest commercial profits on importation of the inputs. The peasants have been further squeezed by the fixed rent arrangement and by the price control on their products.

The peasants in Central Luzon and elsewhere who did not pay or made only token payments for the Masagana 99 loans, which were in fact extremely usurious, appeared to have gained much from the miracle rice program. But when Masagana 99 was terminated, they found themselves in deep trouble. Since then owner-cultivators have been selling away their lands; and tenants, their tenancy rights because of increasing debts they cannot pay. Both poor peasants and farm workers have been bogged down more deeply in the mire of feudalism and semifeudalism.

The fixed rent arrangement between the landlord and the so-called leaseholder is still very much within the embrace of feudalism. Generally, the fixed rent is paid in grain because the landlords want to take advantage of the higher prices during the lean months, thus, there is the *quedan* system. At any rate, land rent paid in the form of labor, crop share or cash (in this historical sequence) by tenants is feudal.

The rapid increase of farm workers is a semifeudal phenomenon rather than a full capitalist phenomenon; precisely because there is no industrial capitalist development to absorb dispossessed peasants even as the rate of land accumulation by the landlords is running faster than the expansion of tillable land. The increase of farm workers in Central Luzon and other old settlements is dramatic because the frontier area for resettlement all over the country has closed.

It is said that farm workers are now 55% of the farm population and are bigger in number than the peasants with definite plots to till. We are not sure of the accuracy of this figure. It is difficult to make a national survey distinguishing the farm workers who depend mainly or wholly on their wages and the poor and middle peasants who augment their income as farm workers. But assuming that the figure is correct, it does not mean any significant advance into capitalism away from semifeudalism. On the other hand, it means that the semifeudal economy is bursting at the seams with surplus labor that it cannot employ. The direction is more towards a new type of democratic revolution than towards capitalism.

Land concentration mainly by landlords and semifeudal rich peasants continues. Foreign and local farm capitalists still have to deal with local owners of land. However, the new-type landlords take the initiative of employing capitalist processes such as getting crop loans, using imported agricultural inputs, hiring farm workers, etc.

On its own track, modern corporate farming is expanding rapidly and has had a violent impact on the poor peasants, settlers and national minorities, who continue to be displaced, especially in Mindanao. But it still covers only an insignificant part of the total agricultural land. It is far more productive and profitable though than farming that uses only the cheap labor of farm workers and does not use modern machinery and equipment. Compact farming so-called is still negligible: it covers only a few showpiece areas of the Ministry of Agrarian Reform.

The foreign agricorporations are expanding the land they control by going into "growers' agreements" with the National Development Corporation, landlords and owner-cultivators. These corporations take the initiative of promoting new crops for export, like banana, pineapple, rubber, palm oil, soybeans in Mindanao. The cultivation of more types of crops for the benefit of foreign agricorporations and local landlords reinforces feudalism and semifeudalism. Legions of owner-cultivators for example, have been dispossessed of their land and turned into tenants and farm workers as a result of rapid land accumulation by the fascists, landlords and the foreign agricorporations.

The sale of imported agricultural inputs by big compradors to small merchants is a semifeudal rather than a capitalist phenomenon. It is mercantile rather than an industrial phenomenon because the inputs come from outside the economy and are not produced by local industries.

The animal breeding programs of the reactionary government are also big comprador operations. Foreign breeds are imported at a great overprice and at public expense. These are farmed out mainly to the landlords. However, these are still a mere drop in the sea of backyard animal breeding. But even if big animal farms do arise, the big comprador and landlords will still own them.

Incidentally, there is now a back-to-the-carabao campaign together with the back-to-organic-fertilizers (especially composting and azolla) campaign as a result of dwindling foreign exchange for importing farm equipment and chemicals.

Farm-out jobs in the garments and electronics enterprises are decreasing. Contrary to the claims of the Lavaites, these have not caused a bit of industrialization in the barrios. In general, these have been sidelines of peasant women during their slack periods, the compensation per piece being small. It is not true that entire farming villages have given up farming in order to rely entirely or mainly on these farm-out

jobs. It is also an exaggeration to say that the garments enterprises at their peak in the 1970s created 500,000 jobs in the barrios compared to only 15,000 in factories.

Like the assembly of cars, trucks and motorcycles and the garments and electronics enterprises, the KKK has also been overrated by the Lavaites as a major component of what they call neocolonial industrialization, especially because there is so much Marcos propaganda about tie-ups with the US chain department stores. Some KKK products (especially handicrafts) may indeed be exported. But these do not mean any degree of industrialization.

The KKK is essentially a propaganda gimmick in the face of the worsening economic crisis. It has been used to deflect attention from the rapacity of the fascist dictator and his cronies; and the bankruptcy of the regime, all of which are being mercilessly exposed by soaring inflation and massive unemployment.

The KKK was cooked up when the crony corporations were making a raid on so-called rehabilitation funds. An extremely high proportion of KKK funds is spent on propaganda and superfluous administrative personnel and consultants superimposed on preestablished projects of "rural development" under ministries and other offices other than the Ministry of Human Settlements.

The project headings of the KKK are: agro-forestry, marine culture, waste utilization, cottage and "light industries" (quotes are ours); shelter and shelter components, and services. Old projects are simply being given the KKK signboard. Worse, the bureaucrats and the military are cutting more and more into KKK funds for themselves. But they get only chicken shit in comparison to what the fascist dictator gets.

9. *What are your views of the following notions: a) that Spanish colonialism being mercantile capitalist and applying bourgeois jurisprudence converted Philippine agriculture into capitalist property by overruling clan communalism as early as the 16th century; b) that capitalist countries in trading heavily with the Philippine colony developed capitalist agriculture and turned the entire colony capitalist as early as the 19th century; and c) that the Philippine is capitalist because the surplus products go through the market but is a dependent one because the surplus products end up with the imperialists? Each of these notions comes from different quarters.*

There is some logic in putting all three notions together in one question. They have one thing in common. They fly away from a primary consideration of the forces and relations of production in the Philippines. The fundamental difference between Marxist and bourgeois economics is that the former is not carried away by appearances of the market but starts with and focuses on the productive system.

Let us take up the first notion and review both European and Philippine economic history as well as the interaction of Europe and the Philippine colony as well as the result of such interaction.

Indeed, manufacturing and mercantile capitalism were the driving forces behind Spanish colonialism. But this colonialism did not have to apply any bourgeois jurisprudence to put Philippine agriculture under its control. The Philippines was taken by force and conquest; the conquerors subsequently imposed the *encomienda* system for administrative and tribute collecting purposes. This system is a military-feudal device with historical roots reaching down to the time of slavery. This talk on bourgeois jurisprudence being applied on Philippine agriculture in the 16th century to make it capitalist property is utter nonsense.

It should be pointed out that to this day, bourgeois jurisprudence in the Philippines affirms and protects feudal rights, especially in land. The ownership of land by landlords is a base that continues in the Philippine economy. But the feudal property rights of landlords are upheld by the bourgeoisie for fear that an attack on it might impugn the entire concept of private property.

In the 16th century, clan communalism was not pervasive in the Philippines. The overwhelming majority of the natives had already developed a certain degree of civilization far beyond the savage condition of clan communalism and basically advanced from the barbaric condition of tribalism. Tribal features were merely vestigial. Among the elements of civilization were literacy, use of metals and the existence of classes.

To the extent of at least 80%, the natives lived in local communities with populations ranging from 300 to 20,000 along the seacoasts, big rivers and lakes. They had wet rice agriculture and dry rice agriculture. They had well-developed handicrafts that included metal craft, cotton and hemp weaving and the making of large boats capable of carrying fifty (*caracoa*) to 300 persons (*joanga*). The *caracoa* was a commonplace craft for trade and war.

The ruling families and sections of the freemen privately owned most of the metal tools, wet rice lands and slaves; appropriated the entire product of the slaves; received rent from serfs or partial slaves; and controlled the use of communal lands. The surplus products of society was large enough to stimulate intercommunity and interisland trade as well as trade with neighboring lands, China and those of Southeast Asia.

Trade with China is the most revealing. The natives traded rice, cotton, beeswax, hardwood, tortoise shells, pearl and gold in exchange for iron, lead, bronze, fishing nets, silk and porcelain.

The self-contained *barangay* paradigm of previous historians is extremely misleading. We have been disabused of this by a careful reading of the Spanish chronicles and evaluation of archaeological, anthropological and prehistoric evidences. We should not confuse the civilized natives with those who had not gone beyond clan communalism (*Aetas*) and tribal communalism (most upland communities). These were in the minority even in the 16th century.

In the 16th, 17th and 18th centuries, military-feudal methods of exploitation, like tribute collection, requisition, labor and military conscription were applied in the main to extract surplus product for the colonizers. It was sheer plunder.

Even as the friars, some lay conquistadores and the native chieftains altogether steadily developed such feudal practices as private land accumulation, collection of rent, trade monopolies, levies on merchants, religious fees, etc., slavery also persisted and grew until it really went down. It must be stated though that slavery never reached the proportions that it did in the Americas. There, Africans were traded to be turned into slaves for the plantations.

Slaves in the Philippines during the first two centuries of Spanish colonial rule included those who had slave status in precolonial times, those who were taken captive in military expeditions against the Moros and upland tribes, and those imprisoned for running away from labor and military conscription. The slaves were used as rowers of galleons and military boats or even as permanent workers in public works, as well as house and field servants.

In the entirety of Spanish colonial rule, feudalism provided the great bulk of the surplus product that went to the colonizers and their native taskmasters. In the 19th century, feudalism became fully developed and matured under the stimulus of foreign trade with the capitalist

countries that needed an increasing amount of commercial-industrial crops.

We can proceed to the second notion. It is wrong to say that Philippine agriculture became capitalist and that the whole Philippine economy likewise became capitalist in the 19th century simply because of the external stimulus provided by commerce with capitalist countries. Feudalism, on the contrary, flourished as never before in the whole country.

The increasing sale of agricultural crops to the capitalist countries pushed the local production of these crops as well as crop specialization and domestic trade. The general effect was to drive the friar landlords and the widespread native and mestizo landlords to accumulate land and collect higher rent from the tenants. In the whole country, the maturing feudal relations were still dominant over such semifeudal elements as the commodity system and the big compradors.

Whether they leased land to native sublandlords or hired foreign managers as they later did, the friars went on a rampage of arbitrarily grabbing land and increasing land rent. The encouragement given by foreign trade to feudal exploitation pushed the people to revolution. It is obvious why the revolution burst out most fiercely in the areas where the friar estates existed.

Let us turn to the third notion. In presenting the mode of production, one does not start with the market. Otherwise, one is liable to get misled and insist that there never has been any mode of production other than capitalism.

For instance, even in a slave mode of production the product of slaves as well as the slaves themselves are traded, i.e., go through the market. In a feudal society, the landlords also deal with the merchants. The key question is not how the surplus product is distributed but how it is produced and exacted from the real producers. The mode of production called slavery is so called because the main portion of the surplus product is produced by slaves rather than by serfs or other classes in society.

Not all surplus product of the present semifeudal economy goes to the imperialists. The landlords, big compradors and the imperialists get their respective shares. The imperialists derive their superprofits through unequal trade, direct investment and loans; and hold the levers to suit the pattern of production and trade to their advantage.

The Philippine mode of production is in the orbit of world capitalism and is dependent on it. But in its distinct or particular mode of existence, it is semifeudal and not capitalist. The term dependent capitalism can lead to more confusion than clarity.

10. In what sense is feudalism the social base of imperialism? There are those who insist that feudalism is not and has never been the social base of imperialism in the country. They say that imperialism is so strong that it does not need feudalism. They confuse the destruction of feudalism by capitalism in the development of the capitalist countries and the use of feudalism by modern imperialism to the latter's advantage in the colonies and semicolonies.

In the Philippines, US imperialism has relied on feudalism historically and currently in various social spheres: economic, political and cultural. It is not out of weakness that US imperialism uses feudalism but out of cleverness and strength. The main interest of US imperialism is not to develop and industrialize the Philippines and turn it into one more capitalist competitor but to retain it as a supplier of raw materials and as a market for US manufactures through the instrumentality of the landlords and the big compradors who in the main are also big landlords.

In the economy, the landlords are in charge of the production of crops needed by the imperialists and which form the bulk of exports. All landlords in the production of staples and export crops grab the biggest amount of surplus value and use this to get the US manufactured goods for consumption. They waste what would have been investible resources and prevent Philippine industrialization. They hog the land and assure Philippine backwardness and vulnerability to imperialist domination.

In politics, the reactionary political leaders, from the level of municipal mayors to that of the president, are in general landlords. It would certainly be foolish for American politicians to come and take over the function of their local taskmasters. There certainly is no danger of that happening in the Philippines.

This is also true in the economy. It would be foolish for Americans to supplant the landlords from well established feudal and semifeudal areas. US agri-corporations have always preferred moving into frontier areas at the expense of settlers and national minorities. Now, they also prefer to go into "growers' agreements" with the state, the landlords

and owner-cultivators. So far, the landlord class in the Philippines has held its ground all over the country, and has certainly not given way to local capitalists.

In culture, US bourgeois and imperialist culture is an overlay on the feudal culture spawned by Spanish colonialism and the Catholic Church. US imperialism does not dare eradicate and replace the feudal culture that still persists in a big way. It would rather ride on it and use it just as it does with the landlord economy.

It was Lenin who pointed out that modern imperialism allies itself with feudalism in the colonies and semicolonies. The modern industrial bourgeoisie which destroyed the feudal economy in capitalist countries is not to be confused with foreign monopoly capitalism impinging on the backward economies of the colonies and semicolonies. US imperialism has pushed the growth of semifeudalism and the comprador big bourgeoisie but not to the point of making the Philippines a modern industrialized neocolony or an industrial capitalist country.

It is also inappropriate to quote Marx and Lenin regarding the modern industrial bourgeoisie in 19th century England and early 20th century Russia and suggest that such a bourgeoisie is already directly in command of the Philippine economy. The ruling bourgeoisie is the comprador big bourgeoisie. And the element of the modern industrial bourgeoisie in the Philippines is still subordinate to the comprador big bourgeoisie and the landlord class; and does not yet have a local base in heavy and basic industries for the light manufacturing it is engaged in.

The Lavaites are a source of confusion. Sometimes they admit the obvious imperialist domination in the country. At other times, they assert that a modern industrial bourgeoisie is already ruling the country when they wish to call the country capitalist.

The first to publicly attack the formulation, "feudalism is the social base of imperialism in the Philippines" was Dr. Jesus Lava, Sr. in 1970. He enumerated a series of US-directed and US-financed activities and called these the social base of US imperialism in the Philippines.

Even enlightened neoclassical economists understand that foreign monopoly and the feudal bottleneck in the economy are obstacles to the growth of capitalism in the country. Proletarian revolutionaries know that if they defeat the landlord class in the countryside, imperialism and the big compradors would have nothing to stand on in the

country except a few city enclaves where they would not be able to stand for long.

There are those who join the Lavaites in saying the formulation "feudalism is the social base of imperialism" is inapplicable to the Philippines simply because it is drawn (or "derived," a pejorative term to original geniuses) from Mao. They do not know even Mao cannot claim originality for the basic principle involved.

Modern imperialism has been experienced and observed in common by so many people in colonies and semicolonies. Why should not entire peoples or their thinkers and leaders arrive at certain common formulations? What would be sad is if these formulations are not supported by facts and analysis.

Will Marxists now stop being Marxists because they draw basic guiding principles from Marx, Engels, Lenin, Stalin, Mao and Ho? No theoretical advance can be made without the illumination and further testing of priorly given ideas as one engages in the concrete analysis of concrete conditions. The formulation in question affirms a general similarity of semicolonial and semifeudal conditions between pre-socialist China and the Philippines today. The Philippines, of course, has many particularities different from those of old China.

11. Will you discuss further the class character of the Marcos ruling clique? Some Lavaites claim it represents "the ascendancy of the reformist national bourgeoisie over the feudal lords and the compradors." Some other people say that this clique has pushed capitalism and industrial development by using the state to pool unprecedentedly large financial resources to reinvest. Are these claims true? What more can we expect from this clique? Is there any chance that it would take the nationalist bourgeois alternative?

The claim that the Marcos ruling clique is representative of a national bourgeoisie ascendant over the big compradors and big landlords does not accord with the facts. The Marcos ruling clique is the extreme section of the big compradors and big landlords and grabs the lion's share of the wealth of these classes by virtue of its autocratic power.

Marcos conspired with US imperialism to set up the fascist dictatorship in 1972 precisely to attack with unbridled force the rising anti-imperialist movement of the people and to reverse the patriotic decisions of the Supreme Court then on the Quasha and Luzteveco cases. Even before the declaration of Martial Law in 1972, the Marcos

ruling clique had pushed investment laws to enable the US to head off the termination of the Parity Agreement and the Laurel-Langley Agreement so as to perpetuate "parity rights" through "national treatment" of foreign investments.

Marcos has led his clique in utilizing his autocratic powers to take over entire lines of big comprador businesses and major enterprises. He and his clique have become the ascendant section of the comprador big bourgeoisie. Within the framework of subservience to US imperialism, this ruling section has become the wealthiest and most reactionary section of the comprador big bourgeoisie.

By engaging in heavy foreign borrowing for nonproductive and non-industrial purposes and thus having large amounts of funds to manipulate, this fascist elite has rapidly become the Number One financial and trading agent of the US and other transnational corporations. Among the big compradors, the crony corporations have benefited the most from state loans and loan guarantees for the importation of goods for immediate consumption and consumption-oriented infrastructure, energy, tourism and similar programs.

The crony corporations or groups of companies headed by the Benedictos, Disinis, Silverios, Cuencas, Cojuangcos, Romualdezes, Tans, Dees and other Filipino and Guomindang dummies are essentially big comprador entities acting as agents of the US and other multinational firms. They engage in a dizzying variety of businesses, but none of these are in heavy and basic industries.

Their businesses include banks, investment houses, insurance, trading, agricultural mills, construction, real estate, hotels, mining, logging, plantations, import-dependent light manufacturing, garments, electronics, car assembly, fertilizers, shipping, electricity, telephone, mass media, gambling joints (jai-alai and casinos) and so on. The edge of the cronies over their big comprador competitors is provided by the power of the autocratic overlord.

All kinds of tricks of bureaucrat capitalism at its worst have been used in favor of the new oligarchy. Loans and loan guarantees have been made with little or no loan collateral. Secret decrees and informal orders have been made to grant special privileges. Special levies are imposed on the people only to be treated as private funds. Customers of utility firms are required to buy shares and pay ever-increasing special charges. Permanent private toll gates are allowed. Goods are

monopolized and overpriced and then the people are told that they enjoy "subsidized" or "socialized" prices.

Such belated token industrial projects as the copper smelter and the coco-chemical plant (after 17 years of Marcos rule) do not change the anti-industrial character of the fascist big compradors. These projects are mere tokens and have been undermined from the beginning by bureaucratic corruption and by the control exercised by foreign lenders and investors. The tokenism involved in these projects is no different from that in the bogus land reform.

Economic and financial policies and activities in the country are more than ever dictated by imperialist banks and the US multinational corporations. Marcos is now prohibited from even pretending to be for industrialization. He is told to concentrate on "rural development" and to further press down the national bourgeoisie and the entire people through increased taxation, devaluation, import liberalization, inflation and so on.

Aside from having become the biggest compradors in the country, the fascists have become the biggest landlords. They have accumulated huge estates and mills for sugarcane, coconut, bananas, rice, corn and other major agricultural products for export. They have used the banks to take over the land of landlords out of power and even that of owner-cultivators. They have used various pretexts—agro-industrial estates, export processing zones, tree farming, counterinsurgency, pasture leases—to grab lands from poor settlers and minority communities.

As the economic crisis is worsening at home and abroad and getting foreign loans is becoming more difficult and onerous, many of the crony corporations have collapsed and state and financial institutions are made to answer for the huge unpaid loans of these bankrupt firms. Have the fascists incurred private losses in the process? No! To make their pyramids of bubbles, they have gotten loans with little or no collateral, have overpriced the goods and services paid for by the firms and have engaged in sheer "creative accounting."

The fascists have contributed nothing to Philippine industrialization. Instead, they have aggravated the underdevelopment of the economy. They have mortgaged the country away and auctioned it off. Together with the imperialists, they have plundered it and brought out tremendous amounts of social wealth. The top fascists stash their

loot abroad in the form of secret bank accounts, choice real estate, blue-chip stocks, trust funds, gold bullions, jewelry and art collections.

Is there any chance that the fascist gang of big comprador-landlords would take the bourgeois nationalist alternative? There is no indication that they will change their character. Sometimes Marcos pretends to complain of "politically unpalatable" economic dictates from his imperialist master. But he does so only to raise his standing as a puppet. He has been consistent in assuring US imperialism that he will go on serving US interests and repressing the people.

There have been instances in semifeudal countries when some bureaucrat capitalists swung from a big comprador to a bourgeois nationalist posture. But so far, Marcos has not shown any desire or ability to do so. Time is running fast against him. The political and economic crisis is worsening so fast that he will soon be consigned to the place where he is awaited by Chiang Kaishek, Ngo Dinh Diem, Lon Nol, the Shah of Iran and Somoza.

The Lavaites have become so degenerate in their collaboration with the fascists that they arbitrarily separate Marcos from US imperialism and misrepresent him as national bourgeois. They therefore get entangled in the most confused and self-contradictory statements and claims.

In a vain attempt to further confuse the people, the Lavaites claim that the revolutionaries are attacking Marcos exclusively. They have been saying this since the late 1960s. They must be literally deaf and blind; or they must be so self-deluded that they can ignore the identification of the US-Marcos combine as the enemy as well as the promotion of the national democratic line against US imperialism, feudalism and bureaucrat capitalism.

12. Will you discuss the economic crisis in the Philippines? Are the forces of production outgrowing the semifeudal relations? How is the class struggle developing in the mode of production as well as in the superstructure? Bring the discussion to the prospects of revolutionary change?

The semifeudal mode of production in the Philippines is in constant or chronic crisis. It carries over from the 19th century the crisis of an overripe feudalism, which was not solved by the old democratic revolution because of US imperialist intervention and conquest.

US imperialism seemed to be breaking feudalism up during the first decade of the century as the friar estates were purchased, public lands were opened for settlement and the 1903 census showed that the tenancy rate plummeted from its 19th century peak to only 18%. But the friar estates eventually came under the ownership of landlords and not of peasants. Also, the settlers were always overtaken by the landlords. From decade to decade, the tenancy rate rose.

US monopoly capitalism has retained and superimposed itself on feudalism, smashing local handicrafts and hindering the development of comprehensive local manufacturing. It has subordinated feudalism to the unequal exchange of manufacture imports and raw-material exports which have made the comprador big bourgeoisie more dominant than the landlord class in the resultant semifeudal economy.

This mode of production is afflicted not only with the old unresolved crisis of feudalism but also with that of the world capitalist system, particularly imperialism which is moribund capitalism and which is ever in crisis. The Filipino people, especially the workers and the peasants, constantly strain under the yoke of foreign and feudal exploitations.

The chronic economic crisis has been plunging from one level to another due to internal and external factors. The forces of production have been growing in a lopsided manner. And the foreign monopoly firms together with the local exploiting classes have been robbing the toiling masses of the surplus products and keeping them at worsening levels of subsistence and impoverishment.

The rate of agricultural land expansion has exceeded the rate of population growth from decade to decade, mainly because of spontaneous peasant resettlement and opening of new land. But the rate of land accumulation by landlords has run faster. Now, the frontier areas have practically become closed to further resettlement. Peasant settlers and even minority nationalities are being deprived of their homesteads and ancestral lands.

In old and new settlements, the peasants are being proletarianized (dispossessed of land and tools) and yet there is no industrialization to absorb this growing surplus labor. Too many people are competing for seasonal farm work and they are spilling over into the cities to compete for odd jobs. Unemployment is rampant.

The land problem has become more acute than ever before. Thus, the agrarian revolution of the peasants and farm workers against the landlord class is breaking out on a national scale. Going along in the

strength of the armed peasant army and other people's organizations, the current general campaign for rent reduction and elimination of usury is bound to rise to the level of land confiscation from the landlords and free distribution of land to the tillers.

Feudalism is still the main socioeconomic problem. It involves the vast peasant majority of the people. The largest amount of surplus product is drawn from this class and is divided among the exploiters. Together with foreign monopoly capitalists, feudalism must be done away with in order to liberate the forces of production in the country.

By way of "industrial development," US imperialism has promoted agricultural milling, extractive enterprises, slight processing of local raw-materials, the import-dependent "import substitution" manufacturing for domestic consumption of the 1950s and more recently the far more import-dependent "export-oriented manufacturing" for reexport and domestic market penetration.

Actually, financial resources have flowed mostly and in a rapid manner into construction, utilities, transport and communications, tourist facilities, the military, the least useful parts of the bureaucracy and so on. All these have high import requirements and have drawn away resources from the genuine development of the country's productive capacity.

As the US imperialist and the regime prate about "export-oriented development," the Philippine economy has moved further away from industrialization and has become more dependent on the unequal exchange of raw-material exports and manufactured imports. The proportion of industrial employment, especially manufacturing, to total employment has gone down.

The problem of unemployment and underemployment has become very severe in both rural and urban areas. Unemployment has kept on rising above the chronic rate of 25%. The export of cheap skilled and unskilled labor and the emigration of professionals and highly trained technicians are a manifestation of the inability of the economy to absorb the growing manpower.

The foreign debt has increased by leaps and bounds to support nonproductive projects and activities, to cover the rapidly widening trade deficits and the servicing of accumulated foreign debts. This debt is being used to tighten the stranglehold of imperialist banks and firms on the Philippine economy.

The Philippines is now being required to extend more privileges to foreign investors against longstanding nationality requirements, further liberalize imports, make drastic devaluation of the peso, increase the tax burden of the people, etc.

For the multinational firms to expand their ownership of enterprises, they do not have to make new investments. They can choose to simply convert the foreign loans and supplies that cannot be paid by local businessmen into takeover equity.

The imperialist scheme of things is however, self-contradictory and self-defeating. The US and other transnational corporations want to perpetuate the Philippines as a source of cheap raw materials, a market for their manufactures and a field of direct and indirect investments for nonindustrial purposes. They keep on extracting superprofits. Their plunder goads the people to rebel.

The worsening of foreign and feudal exploitation is such that it now tightly squeezes not only the toiling masses and peasants but also, the urban petty bourgeoisie and the national bourgeoisie and goads them all to rise up. Even among the big compradors and landlords, there is a sharpening conflict as the clique in power seeks to grab all economic and financial advantages.

The struggle between the exploiting and exploited classes within the mode of production is reflected and concentrated in the superstructure. The state is used by the ruling class, or specifically the ruling clique, to oppress the people and enforce the continuance of their economic exploitation. In turn, the people have stood up to fight for their rights and interests.

As the most progressive force, the working class builds its revolutionary party, a people's army based among the peasants and a united front that embraces all patriotic and progressive classes, including the urban petty bourgeoisie and the national bourgeoisie.

The revolutionary party of the proletariat applies the universal theory of Marxism-Leninism on concrete Philippine conditions and seeks to lead and unite with the entire people. The program of national democratic revolution is laid down and carried out to rid the country of foreign and feudal domination.

The class struggle is undertaken not only in the economic sphere at the base of the Philippine semifeudal society but also in the political and cultural spheres of the superstructure. It is in the political sphere that the most decisive battles are fought. As the ruling class employs

armed counterrevolution to preserve the relations of production, the working class, the peasants and the rest of the people wage armed revolution to destroy the existing relations of production and liberate the forces of production.

It is when US imperialism escalates intervention and launches aggression that the national character of the struggle appears to submerge the class character of the struggle. But the two are inseparable. Even when the national struggle is more prominent, the class struggle underlies it.

In the national democratic revolution, the aspect of national liberation is waged against US imperialism; and the aspect of democracy is waged against the fascist dictatorship and feudalism. Agrarian revolution is the most effective means of achieving democracy and mobilizing the strongest popular force to defeat US imperialism and fascist dictatorship.

★ ★ ★

Message to the Movement of Attorneys for Brotherhood, Integrity, Nationalism and Independence (MABINI)

Circa 4th quarter of 1984

It is with a deep sense of gratitude that I express my warmest greetings to the officers and members of the Movement of Attorneys for Brotherhood, Integrity and Nationalism, Inc. (MABINI) on its Fourth Anniversary.

As a political prisoner, I have personally benefited from MABINI. I have drawn inspiration and moral support from MABINI's work of upholding and defending the rights of political prisoners and other victims of fascist tyranny. But what I admire most are the efforts of MABINI to uphold and advance the national and democratic rights of the entire people against a tyranny spawned by US imperialism, feudalism and bureaucrat capitalism.

Like all political prisoners and militants of the national democratic movement, I have the highest admiration for MABINI. It is an outstanding champion of the people's sovereignty and all civil and political rights against the fascist dictatorial regime of the US-Marcos clique.

As such, it can only be composed of men and women who are selfless, resolute and conscientious in struggling not only against Marcos despotism but also US imperialism and the local reactionary class interests of the comprador big bourgeoisie and landlord class that have spawned this evil.

To dare to struggle for national freedom and democracy is in itself a great achievement. It is the principled stand that you take and the correct arguments that you make which can outlast and triumph over the eunuchs in the captive civil courts and military commissions in the long run.

The historical gains from your courageous and tenacious efforts are not only to be seen in some vague future. By exposing the rottenness of the autocratic regime, its arbitrariness and atrocities in its own hypocritical courts, you are immediately arousing the people to wage an ever more militant struggle for national liberation and democracy.